

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

JUNE 27, 2007

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Caldwell, Gene, M.D., Vice Chair
Atchley, Bryan
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Jones, Clark

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Grimm, Jeff, Health Planner III
Wells, Phil, Health Planner III

GUESTS PRESENT

Alley, David, CFO, Athens Regional Medical Center
Barat, Guy, M.D., SkyRidge Medical Center
Best, Kelli, Cleveland Imaging
Bidwell, Greg, Senior Regional Vice President, NHC
Brent, Michael D., Esq., Boulton, Cummings, Conners & Berry
Brown, Dere, NHC
Coleman, Shannon, Kramer, Rayson
Corritore, Danell, Department of Health
Coval, Sherry, Caris Healthcare
Culham, Ronald, Medical Director, NHC HealthCare, Sparta
Culp, Joe, Department of Health
Cutshall, Alyson, Area Sales Manager, Caris HealthCare
Day, Edwin W., Consultant
Densmore, Floria V., Caris Healthcare
Donnelly, Brian T., Caris Healthcare
Duncan, Bruce, NHC
Elrod, Dan H., Esq., Miller & Martin
Fields, Talbot, Vice President, Caris HealthCare
Harold, Nancy L., Caris HealthCare
Houchin, Barbara, St. Thomas Health System
Huggins, Mike, THA
Kilpatrick, Sue, Chattanooga Imaging
Kocher, Suzanne, Methodist Medical Center

Kircher, Rosemary, Caris Healthcare
Kurt, Jenifer, M.D., Caris HealthCare
Luchessi, Jane, Memorial Hospital
Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care
McRae, Norman, CEO, Caris HealthCare
McRae, Tom, M.D., Centennial Heart, LLC
Orndoah, Kevin, HCA
Patonai, Steve, CEO, SkyRidge Medical Center
Penny, Linda, Comptroller's Office
Puri, Christopher, Esq., Boulton, Cummings, Conners & Berry
Richardson, Mike, Covenant Health
Russell, Richard, THCA
Saylor, Paul, Caris Healthcare
Simms, Martin D., M.D., Chief Manager, Chattanooga Imaging
Smith, R., G.E.
Stephenson, Kate, Esq., Trauger & Tuke
Syjut, Vicki, Cleveland Imaging
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Thompson, Ann R., Health Care Facilities, Department of Health
Torenton, Cheryl, Caris Healthcare
Tucker, Kate, Esq., Kramer, Rayson
Trauger, Byron R., Esq., Trauger & Tuke
Verna, Debra, Department of Health
Wellborn, John, Development Support Group
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Wheatley, Robert M., M.D., Centennial Heart, LLC
Whitlock, Dan

Chairman Koella, called the meeting to order at 8:30 a.m. in Room 12, Legislative Plaza, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, announced the reappointment of Dr. Caldwell. The July meeting will begin with the election of vice-chair. The July through December meetings will be held at Legislative Plaza, Room 12.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Cleveland Imaging, LLC - (Cleveland, Bradley County) - Project No. CN0702-016

The acquisition of a magnetic resonance imaging (MRI) unit and the initiation of MRI services. Project Cost \$1,445,989.00. **DEFERRED FROM THE MAY MEETING**

Byron R. Trauger, Esq., representing the applicant, addressed the Agency. Martin D. Simms, M.D., Chief Manager, Chattanooga Imaging and Sue Kilpatrick, Chattanooga Imaging spoke on behalf of the project. Present in support of the project was Edwin W. Day, Consultant.

Opposing the project were: William West, Esq., representing SkyRidge Medical Center; Steve Patonai, CEO, SkyRidge Medical Center; Guy Barat, M.D., SkyRidge Medical Center; and David Alley, CFO, Athens Regional Medical Center.

Mr. Trauger and Dr. Simms rebutted.

Mr. West summated for the opposition.

Mr. Trauger summated for the applicant.

Dr. Caldwell moved for denial of the project based on there is not a demonstrated need. Dr. Handorf seconded the motion. The motion CARRIED [9-0-0]. **DENIED**

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

St. Mary's Cath Center - (Knoxville, Knox County) - Project No. CN0703-025

The initiation of cardiac catheterization services and the acquisition and/or replacement /upgrade of existing cath lab equipment. The services will be provided in the existing catheterization lab space after renovations of St. Mary's Medical Center. The existing cath lab will perform both diagnostic and interventional procedures. Project Cost \$7,821,261.00.

DEFERRED TO THE JULY MEETING

NHC HealthCare, Sparta - (Sparta, White County) - Project No. CN0703-020

A capital expenditure project to renovate the entrance, administrative areas, reception area and a nursing wing at the existing nursing home which is licensed for 120 nursing home beds certified for Medicare and Medicaid participation. No new beds are requested. Project Cost \$2,791,467.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Greg Bidwell, Senior Regional Vice President, NHC, spoke on behalf of the project. Present in support were Bruce K. Duncan, Assistant Vice President, NHC and Ronald Culham, Medical Director, NHC HealthCare, Sparta.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been established for updating an older facility; 2) Economic Feasibility – The project is economically feasible through cash reserves of the parent corporation; and 3) The project does contribute to the orderly development of adequate and effective health care by providing better facilities for the elderly in this community. Mr. Atchley seconded the motion. The motion CARRIED [9-0-0]. **APPROVED.**

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Caris House - (Farragut, Knox County) - Project No. CN0703-023

The construction of a new eighteen (18) bed residential hospice facility located on the campus of NHC HealthCare, Farragut. Project Cost \$5,288,573.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Jenifer Kurt, M.D., Caris HealthCare spoke on behalf of the project. Present in support were: Bruce K. Duncan, Assistant Vice President; Alyson Cutshall, Area Sales Manager, Caris HealthCare; Nancy L. Harold, Caris HealthCare; Norman McRae, CEO, Caris HealthCare; and Talbot Fields, Vice President, Caris HealthCare.

Mr. Atchley moved for approval of the project based on: 1) Need – There is a need with the only current residential hospice facility being at over 95%; 2) Economic Feasibility – The project is economically and financially feasible; and 3) The project does contribute to the orderly development of adequate and effective health care in the continuum of care for the long term care and the dignity of life. Dr. Handorf seconded the motion. The motion CARRIED [9-0-0]. **APPROVED.**

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Centennial Heart Cardiovascular Catheterization Lab - (Nashville, Davidson County) - Project No. CN0703-024

The acquisition of cardiac catheterization equipment and the initiation of outpatient cardiac catheterization services limited to the patients of the physicians of Centennial Heart, LLC, on the campus of Centennial Medical Center. Project Cost \$3,562,962.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Tom McRae, M.D., Centennial Heart, LLC spoke on behalf of the project. Present in support were Robert M. Wheatley, M.D., Centennial Heart, LLC and John L. Wellborn, Consultant.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is there, they have newly acquired physicians, the numbers are there; 2) Economic Feasibility – The project is economically feasible and is not a factor with HCA; and 3) The project does contribute to the orderly development of adequate and effective health care separating out the diagnostic laboratory but in the same place where the patient can have the same quality of care there is a definite improvement in diagnostic laboratories and will improve the quality of health care. Dr. Handorf seconded the motion. The motion CARRIED [8-1-0]. **APPROVED**

AYE: Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: Gaither

GENERAL COUNSEL'S REPORT

Methodist Medical Center - (Oak Ridge, Anderson County) - Project No. CN0303-019A

Request for extension of expiration date for nine (9) months from August 1, 2007 to May 1, 2008. This project was approved at the June 25, 2003 meeting for the renovation and expansion of the existing physical plant. The project is currently 86% complete.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present in support were Susanne Koehler, Vice President, CSO, and Mike Richardson.

Dr. Handorf moved for approval of the request to extend the expiration date by one (1) year to August 1, 2008. Mr. Atchley seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Legislative Report

Mr. Brogden gave an update of legislative session as it pertains to HSDA and health care in the State of Tennessee. ICF MR facilities owned by the State will not require a CON to build replacement developmental center facilities.

OTHER BUSINESS

1) Nursing Home In-Service

Debra Verna, Department of Health and Richard Russell, THCA, explained Federal, State, and Life Safety Code deficiencies as related to nursing home surveys.

2) Strategic Plan – Ms. Hill presented the Agency's strategic plan to be submitted to the Department of Finance and Administration.

CURRENT REPORTS

Statistical Reports

The reports were accepted into the record.

Finance, Ways and Means Committee Reports

The reports were accepted into the record.

Minutes

The minutes of the May 24, 2007, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab